



State of Washington
PUBLIC DISCLOSURE COMMISSION

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M E M O R A N D U M

TO: Members, Public Disclosure Commission

FROM: Susan Harris, Assistant Director

DATE: September 19, 2003

RE: Caucus Campaign Committees and Associated Political Committees

At your April Commission meeting, I reported on the results of the audits staff conducted of the four caucus campaign committees (caucus committee) and their associated political committees (associated committee.) The audits revealed that there were common areas of under or misreporting.

Vicki Rippie has provided you with concerning the effect of WAC 390-17-060. Regardless of whether you believe it may be appropriate to amend that rule and its presumptions regarding caucus committees and exempt funds, staff believes that there is a need for more comprehensive reporting by the caucus committees and the associated committees. Staff is recommending the following:

Require New C-1pc's

The first recommendation is to request that each caucus committee and each associated committee amend its C-1pc Political Committee Registration Form to include the name of its associated political committee(s). This will provide some additional transparency for the public in viewing reports.

Educate Filers About WAC 390-16-205

The audits revealed that WAC 390-16-205 was generally not followed. The audits conducted of candidates revealed the same.

This rule requires expenditures made by a third party (usually consultants) on behalf of a candidate or political committee to be reported as if made by the candidate or committee

directly. Often, only the consultant's name and amount paid to him or her is reported. According to the rule, if the consultant subcontracts some of the work, the name of the sub vendor and the amount charged to the candidate or committee is reportable. For example:

Candidate A pays Consultant X \$5,000 to prepare a campaign brochure. Consultant X hires a graphic artist to design the piece, charging the campaign \$1,200, has the literature printed at a cost to the campaign of \$3,000, and obtains the services of a mail house to mail the literature, costing the campaign \$800. The campaign must report as follows:

Consultant X	\$5000
Graphic Artist Y	\$1,200
ABC Printing	3,000
Your Mailhouse	800

It is not necessary for the consultant to divulge the amount of markup charged the campaign; hence the campaign reports what the consultant charged it for the specific services. Staff will strictly enforce this provision following enhanced filer education.

Develop an Appropriate Formula for Payment of Shared Staff and/or Consultant Costs

Some of the caucus committees share staff and consultants with their associated committee. (See Attachments) The audits revealed that in some cases the caucus committee billed the associated committee for services the caucus committee staff or consultants provided to the associated committee; in other cases, each committee (the caucus committee and the associated committee) paid the individual directly. There was insufficient documentation kept by the committees to indicate the actual amount of time the individuals worked for each committee, thus it could not be determined whether the reporting of such costs was accurate¹.

The caucus committees state that they engage in "party building" activities throughout the year. Those activities include voter identification, get-out-the-vote programs, and opposition research. However, during the latter portion of an election year (June through November) their focus shifts. They spend more time on activities that benefit or are in direct association with candidates, but still engage in, to a limited degree, party building activities.

The associated committees maintain they conduct their party building activities year-round. During the election period, again, June through November, they continue to work on these activities, but, to a lesser degree than the caucus committees, also perform activities that benefit or are in direct association with candidates.

¹ While documents weren't sufficient to determine whether there was accurate reporting, there was no indication that it wasn't.

Some of the caucus committees have stated that it is unrealistic to expect them to keep further documentation of time spent performing certain tasks. They would have to devote a considerable amount of time and resources to keep the records that staff has told them are necessary to substantiate their reporting. Staff believes that there are two ways the committees could report their costs and be in substantial compliance with the disclosure law: each committee may keep accurate records of actual time spent by workers, calculate the amount of general overhead based on time spent and report those totals, or they may use a formula to pay shared costs²:

	Caucus Committee	Associated Committee
Even Year		
January – May	40%	60%
June – November	?	?
December	40%	60%
Odd Year—no special election		
January – December	40%	60%
Odd Year—Special Election	?	?

Staff is in the process of reviewing documents in order to determine a reasonable percentage to use during June – November during an election season.

If the committees find these formulas unworkable, they may revert to documenting and reporting actual expenses.

If the Commission agrees with this concept, staff will continue its review and develop a formula for the election cycle. The matter will then be brought to you at a future meeting for approval of draft language for filing with the Code Reviser.

² The idea for formulas was based on federal law. Federal law requires state parties to pay overhead expenditures from their federal account. Using a formula based on ballot composition, the parties are required to transfer state funds to the federal account to pay for overhead.

House Democratic Campaign Committee Harry Truman Fund

Breakdown of Expenses by Category

House Democratic Campaign Committee

Category	2001	2002	Total
Contributions to other candidates/committees	\$105,134	\$ 868,775	\$ 973,909
Management/consulting	\$ 43,580	\$ 9,302	\$ 52,882
General Overhead	\$120,748	\$ 221,096	\$ 341,844
Wages/Benefits	\$ 88,337	\$ 144,604	\$ 232,942
Total	\$357,799	\$1,243,777	\$1,601,577

The Harry Truman Fund

Category	2001	2002	Total
Contributions to other candidates/committees	\$ 99,800	\$211,975	\$311,775
Management/consulting	\$ 12,400	\$ 27,438	\$ 39,838
General Overhead	\$ 1,656	\$ 1,183	\$ 2,839
Wages/Benefits	\$133,667	\$182,217 ³	\$315,884
Total	\$247,523	\$422,813	\$670,336

Staff Activities

Committee	Duties
HDCC	<ul style="list-style-type: none"> • Candidate recruiting • Campaign manager recruiting • Fundraising • Polls and surveys • Party Building • GOTV coordinated with State Party • Candidate assistance
Harry Truman Fund	<ul style="list-style-type: none"> • Candidate recruiting • Production of Candidate Book • Voter ID • GOTV coordinated with State Party • Party Building

³ Wages and Benefits amount also include general overhead costs paid to the HDCC.

Senate Democratic Campaign Committee The Roosevelt Fund

Breakdown of Expenses by Category

Senate Democratic Campaign Committee

Category	2001	2002	Total
Contributions to other candidates/committees	\$ 47,629	\$300,705	\$348,334
Management/consulting	\$ 5,400	\$103,151	\$108,551
General Overhead	\$ 65,973	\$167,554	\$233,526
Wages/Benefits	\$ 27,893	\$132,827	\$160,720
Total	\$146,895	\$704,237	\$851,132

The Roosevelt Fund

Category	2001	2002	Total
Contributions to other candidates/committees	\$15,750	\$418,075	\$433,825
Management/consulting	\$ 1,000	\$ 31,529	\$ 32,529
General Overhead	\$18,995	\$ 42,233	\$ 61,228
Wages/Benefits	\$58,166	\$ 76,979	\$135,145
Total	\$93,911	\$568,816	\$662,727

Staff Activities

Committee	Duties
SDCC	<ul style="list-style-type: none"> • Opposition research • Candidate consulting • Fundraising • Polls and surveys • Direct mail • District analysis • Candidate political advertising • Candidate assistance
The Roosevelt Fund	<ul style="list-style-type: none"> • Candidate recruiting • Fundraising • GOTV • Research • Candidate Book

Attachment 3

Senate Republican Campaign Committee
The Leadership Council

Breakdown of Expenses by Category

Senate Republican Campaign Committee

Category	2001	2002	Total
Contributions to other candidates/committees	\$10,000	\$234,290	\$244,290
Management/consulting	\$0	\$ 71,344	\$ 71,344
General Overhead	\$16,811	\$ 52,779	\$ 69,590
Wages/Benefits	\$18,299	\$ 30,032	\$ 48,331
Total	\$45,110	\$388,455	\$433,555

The Leadership Council

Category	2001	2002	Total
Contributions to other candidates/committees	\$ 2,600	\$102,250	\$104,850
Management/consulting	\$ 900	\$ 26,200	\$ 27,100
General Overhead	\$ 41,325	\$ 42,415	\$ 83,740
Wages/Benefits	\$ 92,602	\$ 82,293	\$174,895
Total	\$137,427	\$253,158	\$390,585

Staff Activities

Committee	Duties
SRCC	<ul style="list-style-type: none"> • Candidate Recruitment • Candidate Book • Fundraising • Polls and Surveys • Voter ID • Research • Candidate assistance
The Leadership Council	<ul style="list-style-type: none"> • Candidate Recruitment • Polls and Surveys

These committees share an Executive Director. However, each pays her an annual salary, regardless of activity undertaken.

Attachment 4

House Republican Organizational Committee
The Speaker's Roundtable⁴

House Republican Organizational Committee

Category	2001	2002	Total
Contributions to other candidates/committees	\$ 90,940	\$760,082	\$ 851,022
Management/consulting	\$ 3,900	\$ 30,977	\$ 34,877
General Overhead	\$ 19,485	\$ 95,696	\$ 115,181
Wages/Benefits	\$ 3,550	\$ 57,211	\$ 60,761
Total	\$117,875	\$943,966	\$1,061,841

Speaker's Roundtable

Category	2001	2002	Total
Contributions to other candidates/committees	\$ 105,470	\$ 195,000	\$300,470
Management/consulting	\$ 66,175	\$ 3,378	\$ 69,553
General Overhead	\$ 26,684	\$ 19,016	\$ 45,700
Wages/Benefits	\$ 88,949	\$ 49,883	\$138,832
Issue Advocacy	\$ 10,800		\$ 10,800
Unknown		\$ 28,514 ⁵	\$ 28,514
Total	\$ 298,078⁶	\$ 295,791	\$593,869

Staff Activities

Committee	Duties
HROC	<ul style="list-style-type: none"> • Candidate Recruitment • Candidate Book • Fundraising • Polls and Surveys • GOTV • Candidate assistance
Speaker's Roundtable	<ul style="list-style-type: none"> • Candidate Recruitment • Opposition research • Polls and Surveys

⁴ In 2002, these committees did not share staff.

⁵ Reported as "unpaid bills."

⁶ The total itemized expenditures in 2001 exceeded the amount included on C-4 summary reports.